

STATE BOARD OF LAND COMMISSIONERS

April 12, 2005

Regular Agenda

SUBJECT

Request for conceptual approval to sell approximately 1,293 acres (eight parcels) of public school and charitable institutions endowment land.

DISCUSSION

The proposed FY 2006 Land Sale Plan is summarized in Table 1. Table 2 presents a preliminary analysis of how the assets can be expected to appreciate over the next 10 years, and alternative investment prospects for each parcel in years 0, 5, and 10, with FY 2006 representing Year 0. Property descriptions, including current uses, condition, and attributes are included in Attachment 1.

Table 1
Parcels Proposed for Sale in FY 2006

Sale No.	Parcel Name	Area (ac.)	Subdivision	Section	Twtp, Range	Estimated Value
60-01-06	Elk Valley, lot 10	1.25	L10; Gov.L5	16	3N,10E	\$70,000
60-02-06	Elk Valley, lot 11	1.27	L11; Gov.L5	16	3N,10E	\$70,000
80-01-06	Little Warm Creek	10	SESESE	11	09S,29E	\$15,000
80-02-06	Sunbeam Creek	200	W2NE,NWSE, E2SW	16	08S,31E	\$40,000
80-03-06	Cleveland Hill	80	SENE, NESE	16	13S,40E	\$24,000
80-04-06	Lookout Mountain	320	E½	16	16S,40E	\$32,000
80-05-06	Little Mountain	80	SWSE, NWNE	18/19	16S,40E	\$8,000
80-06-06	Iron Creek	600	N2,N2S2,S2SW,SWSE	16	18N,21E	\$150,000
	Total acres	1,293		Total estimated value		\$409,000

The Department will present each sale to the Board for approval prior to advertising a sale.

RECOMMENDATION

Direct the department to proceed with development and appraisal of sale packages for each of these parcels.

BOARD ACTION

A motion was made by Secretary of State Ysursa to accept the Department's recommendation. Attorney General Wasden seconded the motion. The motion carried on a vote of 5-0.

ATTACHMENTS

1. Attributes of Parcels Nominated for Sale in FY 2006

State Board of Land Commissioners



Table 2
FY 2006 Land Sale Plan
Comparison of Future Land Values and Potential Returns on Investments

Parcel (Endowment) County Year of sale (t)	Cleveland Hill (public school)			Elk Valley Lot 10 (public school)		
	Franklin			Elmore		
	0	5	10	0	5	10
Estimated land value, Year t	\$24,000	\$27,154	\$30,722	\$70,000	\$81,149	\$94,074
Appreciation, Year 0 through Year t ^a	\$0	\$3,154	\$6,722	\$0	\$11,149	\$24,074
Income from leases	\$0	\$0	\$0	\$0	\$0	\$0
Total income + appreciated value	\$24,000	\$3,154	\$6,722	\$70,000	\$11,149	\$24,074
NPV of sale proceeds in Year t	\$24,000	\$26,895	\$29,201	\$70,000	\$79,523	\$88,597
Net return on appreciation in Year t, NPV	\$0	\$2,695	\$5,201	\$0	\$9,523	\$18,597
Net return, appreciation + income in Year t, NPV ^b	\$0	\$2,695	\$5,201	\$0	\$9,523	\$18,597
Net returns if parcel sold in FY 2006						
Interest earnings on land bank deposit, NPV ^{c,d}	—	\$2,803	—	—	\$8,174	—
Net return on reinvestment made in Year 5, NPV						
7% return	—	—	\$10,760	—	—	\$31,382
8% return	—	—	\$12,073	—	—	\$35,212
9% return	—	—	\$13,434	—	—	\$39,182

Parcel (Endowment) County Year of sale (t)	Elk Valley Lot 11 (public school)			Iron Creek (public school)		
	Elmore			Lemhi		
	0	5	10	0	5	10
Estimated land value, Year t	\$70,000	\$81,149	\$94,074	\$150,000	\$173,891	\$201,587
Appreciation, Year 0 through Year t ^a	\$0	\$11,149	\$24,074	\$0	\$23,891	\$51,587
Income from leases	\$0	\$0	\$0	\$244	\$1,461	\$2,679
Total income + appreciated value	\$70,000	\$11,149	\$24,074	\$150,000	\$25,352	\$54,267
NPV of sale proceeds in Year t	\$70,000	\$79,523	\$88,597	\$150,000	\$170,406	\$189,850
Net return on appreciation in Year t, NPV	\$0	\$9,523	\$18,597	\$0	\$20,406	\$39,850
Net return, appreciation + income in Year t, NPV ^b	\$0	\$9,523	\$18,597	\$244	\$21,683	\$41,984
Net returns if parcel sold in FY 2006						
Interest earnings on land bank deposit, NPV ^{c,d}	—	\$8,174	—	—	\$17,516	—
Net return on reinvestment made in Year 5, NPV						
7% return	—	—	\$31,382	—	—	\$67,248
8% return	—	—	\$35,212	—	—	\$75,455
9% return	—	—	\$39,182	—	—	\$83,962

^a Appreciation rates range from 2.5 to 3% per year, depending on location.

^b Net sale proceeds plus lease income from the property through Year t (NPV).

^c Assumes an average interest rate of 2.5% per year on land bank funds.

^d Assumes sale proceeds are held in the land bank for 5 years before being reinvested or before they revert to the permanent fund.

NPV = net present value, calculated using discount rate of 4%.

Table 2 (continued)
FY 2006 Land Sale Plan
Comparison of Future Land Values and Potential Returns on Investments

Parcel (Endowment) County Year of sale (t)	Little Mountain (public school)			Little Warm Creek (public school)		
	Franklin			Power		
	0	5	10	0	5	10
Estimated land value, Year t	\$8,000	\$9,051	\$10,241	\$15,000	\$16,971	\$19,201
Appreciation, Year 0 through Year t ^a	\$0	\$1,051	\$2,241	\$0	\$1,971	\$4,201
Income from leases	\$0	\$0	\$0	\$11	\$66	\$122
Total income + appreciated value	\$8,000	\$1,051	\$2,241	\$15,000	\$2,037	\$4,323
NPV of sale proceeds in Year t	\$8,000	\$8,898	\$9,734	\$15,000	\$16,684	\$18,250
Net return on appreciation in Year t, NPV	\$0	\$898	\$1,734	\$0	\$1,684	\$3,250
Net return, appreciation + income in Year t, NPV ^b	\$0	\$898	\$1,734	\$11	\$1,742	\$3,347
Net returns if parcel sold in FY 2006						
Interest earnings on land bank deposit, NPV ^{c,d}	--	\$934	--	--	\$1,752	--
Net return on reinvestment made in Year 5, NPV						
7% return	--	--	\$3,587	--	--	\$6,725
8% return	--	--	\$4,024	--	--	\$7,546
9% return	--	--	\$4,478	--	--	\$8,396

Parcel (Endowment) County Year of sale (t)	Lookout Mountain (public school)			Sunbeam Creek (public school/CI)		
	Franklin			Power		
	0	5	10	0	5	10
Estimated land value, Year t	\$32,000	\$36,205	\$40,963	\$40,000	\$45,256	\$51,203
Appreciation, Year 0 through Year t ^a	\$0	\$4,205	\$8,963	\$0	\$5,256	\$11,203
Income from leases	\$171	\$1,029	\$1,886	\$210	\$1,261	\$2,312
Total income + appreciated value	\$32,000	\$5,234	\$10,848	\$40,000	\$6,517	\$13,515
NPV of sale proceeds in Year t	\$32,000	\$35,593	\$38,934	\$40,000	\$44,491	\$48,668
Net return on appreciation in Year t, NPV	\$0	\$3,593	\$6,934	\$0	\$4,491	\$8,668
Net return, appreciation + income in Year t, NPV ^b	\$171	\$4,492	\$10,431	\$210	\$5,593	\$10,509
Net returns if parcel sold in FY 2006						
Interest earnings on land bank deposit, NPV ^{c,d}	--	\$3,737	--	--	\$4,671	--
Net return on reinvestment made in Year 5, NPV						
7% return	--	--	\$14,346	--	--	\$17,933
8% return	--	--	\$16,097	--	--	\$20,121
9% return	--	--	\$17,912	--	--	\$22,390

^a Appreciation rates range from 2.5 to 3% per year, depending on location.

^b Net sale proceeds plus lease income from the property through Year t (NPV).

^c Assumes an average interest rate of 2.5% per year on land bank funds.

^d Assumes sale proceeds are held in the land bank for 5 years before being reinvested or before they revert to the permanent fund.

NPV = net present value, calculated using discount rate of 4%.

**Idaho State Board of Land Commissioners
FY2006 Land Sale Plan
Attributes of Parcels Nominated for Sale in FY2006**

Parcel Name	Legal Description	County	Acres	Endowment(s)	Zoning	Highest & Best Use	Utilities	Water Right (Y/N)	Estimated Value
Cleveland Hill	Township 13 South, Range 40 East, B.M., Section 16 (SE¼NE¼, NE¼SE¼)	Franklin	80	Public School	Agriculture		None	N	\$24,000
Elk Valley, lot 10	Township 3 North, Range 10 East, B.M., Subdivision Lot 10 in Gov. Lot 5 of Section 16	Elmore	1.25	Public School	1 building site per lot	Recreational home site	Underground power, phone, sewer	N	\$70,000
Elk Valley, lot 11	Township 3 North, Range 10 East, B.M., Subdivision Lot 11 in Gov. Lot 5 of Section 16	Elmore	1.27	Public School	1 building site per lot	Recreational home site	Underground power, phone, sewer	N	\$70,000
Iron Creek	Township 18 North, Range 21 East, B.M., Section 16 (N1/2, N1/2S1/2, S1/2SW1/2, SW1/4SE1/4)	Lemhi	600	Public School		Most likely residential, commercial or industrial development	None	N	\$150,000

ATTACHMENT 1

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FY 2006 Land Sale Plan
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**Idaho State Board of Land Commissioners
FY2006 Land Sale Plan
Attributes of Parcels Nominated for Sale in FY2006**

Parcel Name	Property, Market, and Area Information	Leases/Easements	Minerals/Oil & Gas/Geothermal
Cleveland Hill	This parcel is approximately 14 miles north of Preston. This parcel is surrounded by private land, with access is from a private semi-improved road. Adjacent land owners may be interested in purchasing the property. The topography is rolling and moderately steep. Vegetation is mainly grasses and sagebrush.	Currently generates no income.	Reserve mineral, oil and gas, and geothermal rights. There have been mineral, oil and gas, and geothermal leases in the past.
Elk Valley, lot 10	This property is a prime location situated along the South Fork of the Boise River 2 miles south of Featherville and is platted in the Elk Valley Subdivision. Access is available by a semi-improved gravel road. There is an easement for an unimproved pedestrian path along the Boise River. The market for recreational sites in this area and in general has remained stable. It is a recreation community with mainly summer cabin sites, although some properties are used all year. Properties along the river tend to bring high values for recreational lots. Vegetation is primarily ponderosa pine, Douglas fir, willow, and various types of brush.	Easements for utility lines and road access for subdivision	Sell with mineral rights.
Elk Valley, lot 11	See description for Elk Valley Subdivision, Lot 10.		
Iron Creek	<p>This parcel is located approximately 20 miles south of Salmon. Mostly steep topography with year-round access from Iron Creek Road (a graveled county road). The property will need to be split into at least two parcels due to the 320-acre purchase limitation. It may be advantageous to further subdivide it into 160- to 200-acre parcels. If divided into smaller parcels that include Iron Creek and uplands, values should range from \$250/acre to \$300/acre for uplands, and up to \$1,000/acre for lots near Iron Creek. A 1.48-mile-long barbed wire fence in poor condition is on the property.</p> <p>In 2004, the grazing lease generated \$193.55, while on average the Department spends over \$200/year to inspect and take photo points on this parcel (due to resource concerns.) Miscellaneous Lease M-8030, issued to Twin Peaks Ranch Outfitters, includes this parcel. This lease generates an additional \$50/year.</p>	Grazing lease G-9680, Miscellaneous lease M-8030, Easement E-2397 for a ditch (granted to E.G. Hussey), Easement E-4657 for a road (granted to Lemhi County)	Sell with mineral rights.

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FY2006 Land Sale Plan
Attributes of Parcels Nominated for Sale in FY2006**

Parcel Name	Legal Description	County	Acres	Endowment(s)	Zoning	Highest & Best Use	Utilities	Water Right (Y/N)	Estimated Value
Little Mountain	Township 16 South, Range 40 East, B.M., Section 18 (SW1/4SE1/4), Section 19 (NW1/4NE1/4)	Franklin	80	Public School	Agricultural	Dry grazing	None	N	\$8,000
Little Warm Creek	Township 9 South, Range 29 East, B.M., Section 16 (SE1/4SE1/4SE1/4)	Power	10	Public School	Agricultural	Residential, commercial or industrial development	Power to the property	N	\$15,000
Lookout Mountain	Township 16 South, Range 40 East, B.M., Section 16 (E1/2)	Franklin	320	Public School	Agricultural	Dry grazing	None	N	\$32,000
Sunbeam Creek	Township 8 South, Range 31 East, B.M., Section 11 (W1/2NE1/4, NW1/4SE1/4, E1/2SW1/4)	Power	200	Public School/ Charitable Institutions	Agricultural	Rural residential development	None	N	\$40,000

**Idaho State Board of Land Commissioners
FY2006 Land Sale Plan
Attributes of Parcels Nominated for Sale in FY2006**

Parcel Name	Property, Market, and Area Information	Leases/Easements	Minerals/Oil & Gas/Geothermal
Little Mountain	This parcel is approximately 1 mile northeast of Franklin. It has seasonal access from a private primitive road. Vegetated with basin big sagebrush and grasses. Miscellaneous lease M-8029, issued to Bearpaw Outfitters, includes this parcel, but the lessee has never used the parcel. In 2004, the Department spent \$336 for noxious weed control on this property.	Currently generates no income.	Sell with reservation of mineral rights.
Little Warm Creek	This is an isolated parcel, located approximately 16 miles southeast of American Falls, with good views of the Snake River to the north. It is surrounded by private land, with access provided by a paved county road. The parcel is currently included in cropland lease C-7450, but is not used by the lessee. A county road is near the northern boundary. A gas pipeline and power line are also near the northern boundary, but are not under easements. Vegetated with Wyoming big sagebrush and grasses, but is subject to invasion by Russian knapweed.	Cropland lease C-7450 and contributes two AUMs equal to \$11.06 in 2005. Easements include two road easements (E-318 and E-2054, both granted to the Idaho Department of Highways)	Sell with mineral rights.
Lookout Mountain	<p>This parcel is approximately 6 miles east of Preston. Access is provided by a private semi-improved road. The land is vegetated with Wyoming big sagebrush, mountain brush, and cheatgrass. Lessee-owned improvements include 0.8 mile of 3-4 wire fence more than 40 years old.</p> <p>In 2004, the grazing lease generated \$159.65, but the department spent \$1,322.00 on noxious weed control (Dyer's woad and leafy spurge). The State of Idaho is spending \$8.28 general fund monies for every \$1.00 generated for the endowment. Miscellaneous Lease M-8029, issued to Bearpaw Outfitters, includes this parcel, but the lessee has never used the parcel.</p>	Grazing lease G-8852 for 31 AUMs, generating \$171.43 in 2005. Easements include E-4309 granted to Franklin County TV Corporation, E-4329 granted to the Franklin County Sheriff's Department for a radio repeater, and E-6208 for the Preston High School "P."	Sell with reservation of mineral rights.
Sunbeam Creek	<p>This is an isolated parcel, surrounded by private land, located approximately 5 miles south of American Falls. It has year-round access by a graveled road named Sunbeam Creek Road; additional access may be available from a partially paved county road called East Fork Road. The parcel is encumbered by a number of easements for roads, power lines, and pipelines, but has potential for rural residential housing development. Housing has been developed on adjoining deeded lands to the north.</p> <p>Annual income is less than \$250, including income from the current grazing lease and projected income from a new grazing lease on approximately 18 acres that has been unleased since 2002. There are some lessee-adjacent landowner improvements, including 5.4 miles of barbed wire fence and a boxcar between 10 and 30 years old. The Department expends more than \$300/year for noxious weed control on this property (personnel and operating funds).</p>	Grazing lease G-9475. Easements include E-239 and E-4424A granted to Utah Power & Light; E-4465 to the City of American Falls for a pipeline; E-4464 and E-4514 to Power County Highway District for two roads; and E-4864 to Idaho Power Company for a power line.	Sell with mineral rights.

ATTACHMENT 1

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